American Banker

The Daily Financial Services Newspaper

15538900015 6/24/85 C11
STATISTICAL REFERENCE INDEX
JOHN P KENNEDY
4520 EAST - WEST HIGHWAY
SITE 800
BETHESDA MD 20814

VOL. CL NO. 12 | Thursday, January 17, 1985 | 150th Year

TODAY

FED MOVE: The Federal Reserve has taken a first step toward controlling bank expansion into real estate and investment activities 1

SIA STUDY: Financial planning could well be the next general battleground for the financial services industry, according to a study by the Securities Industry Association and Arthur Andersen & Co. 1

ON-LINE BROKERS: While the total of on-line retail brokerage customers has doubled since August, the numbers are still tiny 1

NY EXPANSION: A bill introduced in the New York legislature by Gov. Cuomo would permit expansion by banking and insurance companies into each other's turf 2

International Briefing 2

RETHINKING OPPOSITION: The head of the Insurance Services Office suggests that in the face of slackened property/casualty demand, insurers should reconsider their stance against interindustry foes ... 2

CHASE OPTION ENDS: Chase Manhattan Corp. and Equimark, the troubled Pittsburgh company, have signed an agreement to end Chase's option to buy Equibank 3

DEPOSIT BROKERAGE: Edwin Gray, chairman of the Federal Home Loan Bank Board, has made it abundantly clear that he wants a rule limiting deposit insurance on brokered funds 3

What Analysts Say 3

FORTUNE FIGHT: A dissident shareholder group has turned to fellow stockholders in a brewing proxy battle for Florida's Fortune Financial Group 3

TEXT: A study emanating from the Federal Reserve Bank of New York proposes flexible ceilings on brokered deposits and a limit on insurance coverage for them 4

THE BACK PAGE: Private, over-the-counter options on foreign currencies have become so popular that British and American brokers are expanding operations 16

Quote

We feel our shareholders have the right to know who these people are. We don't see that as unreasonable.

John D. Sweger, chairman and president of Florida's Fortune Financial Group, which has instituted policies aimed at identifying dissident shareholders. The company claims the dissidents have not properly identified themselves. [3]

Unquote

Financial Planning Shapes Up As Crucial Arena, Study Says

By ANDREW ALBERT

NEW YORK — Financial planning appears to be the next "battleground" on which securities firms, banks, and other companies will fight to establish themselves, according to a new survey.

As a result, the late 1980s could see all sorts of financial institutions grappling for customers in the vaguely defined field of financial planning.

These are among the findings gleaned from a survey conducted jointly by the Securities Industry Association and Arthur Andersen & Co., the accounting firm.

SIA officials say they view their new study as a "planning document" for participants in the financial services industry. It was unveiled at a press conference here Wednesday.

More than 600 individuals were polled, including top executives at securities firms and competing organizations such as banks, thrifts, and insurance companies. Congressional staffers, financial regulators, and consumers were also questioned.

"It's pretty clear that the battlefield is going to be based on who will be the financial planner of the '80s," said

➳ SIA Study: Page 14

Computerized Investors Reach 6,500

Nine Brokerage Firms Now Offer Retail Service, Two Via Home Banking

By DAVID O. TYSON

NEW YORK — On-line brokers now have an estimated 6,500 retail customers entering orders to buy and sell securities using microcomputers or terminals.

This is double the number that the *American Banker* estimated last August when it published its first tally. But despite that five-month growth, huge in absolute terms, on-line investors remain a minuscule fraction of the shareholder population, estimated by the New York Stock Exchange at 42 million in 1983.

Nine brokers, all of them discounters, now offer an on-line service.

On-Line Brokers

Tabular Guide to the On-Line Brokers, Page 6

The latest to go live is Rose & Company Investment Brokers Inc., the Chicago-based affiliate of Chase Manhattan Bank. Last month, Chase launched its Spectrum home banking program, which includes brokerage among its functions.

However, the first time banking and brokerage were linked on the same videotex menu was last October when Citibank added an on-line capability to Focus, its

➳ On-Line: Page 6

Fed Questions State Bank Hop Into Real Estate

Board Asks for Comment; Legal Experts Doubt Power

By ROBERT TRIGAUX

WASHINGTON — The Federal Reserve Board on Wednesday took a first step toward asserting its authority over bank expansion into real estate development and investment activities allowed under state laws.

In an extended board meeting marked by differences of opinion among board governors, Fed staff members, and even the viewing public, the Federal Reserve chose to seek public comment for 60 days on whether bank holding companies should participate in real estate development — specifically through subsidiaries of the holding company or of a state-chartered bank owned by the holding company.

Controversy over the Fed's action stems from several concerns. In general, loopholes in banking laws and market forces are outdating both federal law and regulation — in this instance forcing the Fed to try and catch up in its role as a major banking supervisor.

Close to a dozen states, including California, New York, and Ohio, have passed laws permitting state-chartered banks to enter the real estate investment and development business. A rule tentatively discussed by the Fed on Wednesday could conflict with state laws by placing investment caps and requiring additional capital for such banking activities in holding companies.

The Fed, which regulates bank holding companies, traditionally has con-

➳ Fed: Page 15

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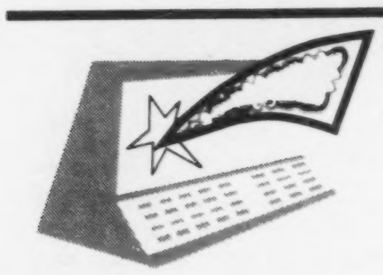

A Guide to On-Line Securities Brokers

Revised 1/16/85

Name of broker	System	No. of On-Line Accts.	Commissions 100 Shares	Commissions $30 Stock 1,000 Shares	Commissions Min.	Clear Through	Hours of Operation, Connect charges	Get stock Prices?	Call up Portfolio	Real Time?	Order Handling (Ticket written, (msg. rekeyed, or switched?)
Max Ule division, Rosenkrantz, Ehrenkrantz, Lyon & Ross Inc. (May 1982)	Tickerscreen	900	43.12	199.96	$30	Rothschild	5 p.m. to 9 a.m. weekdays, all day weekends, holidays. No connect charges direct, only via CompuServe	Yes	No	No	Written
C.D. Anderson & Co., San Francisco (July 1983)	TradePlus	500	37.80	135.00	$30	Broadcort Securities Corp.	Round the clock. $15/month for one hour. Then $24/hour 7 a.m. to 6 p.m. on business days, $6/hour other times.	Yes	Yes	Yes	Rekeyed
North American Investment Corp., East Hartford, Ct. (Nov. 1983)	Own	600	37.19	185.00	$35	Pershing	Round the clock via Delphi, at $16 hour 8 a.m. to 6 p.m. business days, $6/hour other times.	Yes	No	Yes	Rekeyed
Fidelity Brokerage Services, Boston (March 1984)	TradePlus	N.A.	40.00	139.00	$30	Self	Round the clock. $15/month for one hour. Then $24/hour 7 a.m. to 6 p.m. on business days, $6/hour other days	Yes	Yes	Yes	Rekeyed
Unified Management Corp., Indianapolis (April 1984)	Unisave	549	30.00	100.00	$30	Self	Round the clock. Connect charge for research only	Yes	Yes	No	Switched
Security Pacific Brokers Inc., Pasadena,, Cal.(July 1984)	Wilshire Associates	N.A.	45.00	155	$35	Self	Round the clock. $30/hour 6 a.m. to 2 p.m. Pacific time business days, $20/hour 2 p.m. to 10 p.m. business days, $10/hour other times	Yes	Yes	Yes	Switched
Quick and Reilly Inc., New York (Oct. 1984)	Citibank Focus	N.A.	40.00	175	$40	Self	9 a.m.to midnight every day. No connect charges.	Yes	Yes	Yes	Rekeyed
Spear Securities Inc., Los Angeles (Nov. 1984)	The Source	350	60.00	133	$60	Securities Settlement Corp.	Round the clock. $30/hour 6 a.m. to 2 p.m. Pacific time business days, $20/hour 2 p.m. to 10 p.m. business days, $10/hour other times.	Yes	Yes	Yes	Switched
Rose & Company Investment Brokers Inc., Chicago (Dec. 1984)	Chase Manhattan Bank	N.A.	35.00	145	$25	Self	Round the clock, every day. No connect charges	Yes	Yes	No	Rekeyed

Computerized Investors Reach 6,500 with Nine Firms Offering Service

Continued from Page 1

asset management account. It is available only to Focus customers with IBM PCs or compatibles. Citibank turns the orders over to Quick & Reilly Inc., a New York discount broker.

The Focus on-line service is separate from the Direct Access home banking which Citibank introduced in December and is marketing heavily in the New York area. The bank believes any home banking customer who wants brokerage, too, can get it with a Focus account.

Chase and Citibank will not disclose the number of on-line customers they have. Neither will Security Pacific Brokers Inc., which previously had about 200 customers. Nor will Fidelity Brokerage Services, which still claims to have more than all the other on-line brokers put together.

Unified Management Corp., an Indianapolis brokerage and investment management firm, is the most accurate and timely in disclosing numbers. Nicholas Kaiser, president, was asked for an update on Wednesday, and, while a reporter was on the phone, he called up the total from Unified Management's Prime computer system: The firm has 549 on-line customers among the 2,011 with Unisave, its asset management accounts.

February Changes

North American Investment Corp. intends to challenge the Fidelity boast that it has the biggest on-line clientele. A full-service firm based in East Hartford, Conn., North American has been discounting commissions for the 600 or so of its customers who enter orders over the Delphi network, a data base system. North American's service is called Naico-Net. Now it plans to put a new service called Insight within reach of telex users around the world through MCI International.

"We'll be the largest computerized brokerage system in the world, with a potential base of over two million telex users, plus Delphi's 4,500 subscribers," Edward M. Kopko, North American president, said in a phone interview.

Feb. 1 is the target date to launch Insight. Mr. Kopko said it will be truly interactive and that telex users anywhere can fill out an account application on line.

"But to access all other information — stock quotes, commodity quotes, research, various information bases — they will not have to open an account," he said. "They are authorized right away. They pay the regular telex rates. There are no extra charges."

Also on Feb. 1, Max Ule, the inventor of on-line brokerage, will sever his connection with Rosenkrantz, Ehrenkrantz, Lyon & Ross Inc. and become a division of another New York firm — Ingham, Becker & Co. His phone numbers remain the same. He will start clearing through National Financial Services Corp., a Fidelity unit.

Meanwhile, the entry of another big player in on-line brokerage — Chemical Bank — has been delayed.

Chemical had expected to add brokerage via TradePlus to its Pronto home banking service by this time. Any Pronto licensee bank would make its own arrangements for a broker to come in via TradePlus. Charles S. Forbes, Chemical vice president, says Chemical itself may use more than one broker when it introduces the service.

"It looks like spring for TradePlus now," he said. "We're still working up marketing plans." ■

This announcement appears as a matter of record only

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American Banker

The Daily Financial Services News

150222000015 6/24/85 C11
CONGRESSIONAL INFOR SREV SRI
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VOL. CL NO. 14 Monday, January 21, 1985 150th Year

TODAY

monday

A NEW FEATURE

Today the *American Banker* launches **news monday**, a weekly news review and outlook you can pull out and save for reference. (Today it's on page 11.) This new feature takes a look at the top news events in the financial services industry in the previous week and offers some perspective and a sense of where a new development may be going. The pullout section should be particularly useful for you when you've been away from the office for a few days and need a fast review of the last few day's major news events. Within **news monday** you'll also find another popular weekly feature, **washington monday**, written by our Washington bureau. In the coming weeks we hope to expand the **news monday** section and to add new features. This news review is part of our goal of helping busy readers use their limited time to greater advantage. We welcome your comments and suggestions on what else you would like to see included in this new feature.

Oh yes, for those holiday Mondays when we're closed, we'll be publishing **news tuesday** instead. Happy Monday.

POWER ON THE PANEL: It may be Rep. Fernand J. St Germain's committee, but many lobbyists say the real power on the House banking panel is Rep. Frank Annunzio of Chicago, who's "got his finger on all the goodies" 13

Washington Monday

AN AUTOMATIC DEAL: Eastman Kodak and a Rochester-based bank announced what may be the largest installation of electronic banking machines at a corporate office 1

NET WORTH DROP: A Kansas thrift under investigation in connection with linked financing deals has reported a major net worth drop 1

COMMENT: Sen. William Proxmire says that 1984 wasn't as bad a year for banks as the failure statistics might suggest 4

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Annual Meeting Dates 20

BACK PAGE: Citicorp is one of the fastest growing bank companies in the Twin Cities area 24

Kodak to Get Largest Bank-at-Work Teller Machine System

By MICHAEL WEINSTEIN

NEW YORK — Eastman Kodak Co. and Chase Lincoln First Bank N.A., both of Rochester, N.Y., announced what is believed to be the largest installation of electronic banking machines at a corporate office.

Twenty-four cash dispensers, to be operated by the bank, are being installed at four Eastman Kodak facilities in Rochester so that employees with special plastic cards can get cash from their checking accounts at any of 16 financial institutions that are participating in the program. Industry observers said it is the largest worksite teller machine system in the nation.

Electronic banking facilities have been appearing in some corporate offices in recent years, since companies see them as a way to expedite the check-cashing process for employees on payday.

Worksite automated teller machines represented about 4% of all the ATMs installed by commercial banks, according to a 1983 survey by Bank Administration Institute, a

➳ Kodak: Page 23

S&L Being Probed Cites Plummet in Net Worth

By RICHARD RINGER

CHICAGO — A Kansas City, Kan., thrift under investigation in connection with linked financing deals has reported that its net worth plummeted in the 1984 third quarter to a negative $321,000, a figure disputed by federal officials, who said it was understated by more than 100%.

Thrifts

The third-quarter figure for Coronado Federal Savings & Loan Association was contained in the thrift's quarterly financial report released last week by the Federal Home Loan Bank Board.

At the end of the second quarter of 1984, Coronado Federal had a negative net worth of $188,000. At the end of last year's first quarter the net worth figure was a negative $122,000.

But those figures are considerably understated, a Bank Board official said. The official said Coronado Federal's actual net worth at the end of the 1984 third quarter was a negative $743,000, a negative $610,000 for the 1984 second quarter, and a negative $544,000 at the end of last year's first quarter.

The difference is due to how the Bank Board and Coronado Federal account for $422,000 at the end of each quarter last year. The Bank Board, said the official, considers the amount to be a valuation on substandard assets that should be subtracted from Coronado Federal's reported total assets.

But Coronado Federal, said the Bank Board official,

➳ Coronado: Page 22

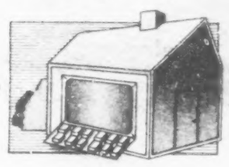
Home Bank Customers Grow to About 44,000

Chemical Bank Clear Leader with 21,000

By DAVID O. TYSON

NEW YORK — The *American Banker* estimates 44,000 consumers and small businesses now use microcomputers and terminals to do their banking from homes, offices, hotel rooms, airport club lounges, and other remote locations.

Twenty-two banks, thrift institutions, and credit unions



Home Banking

are in full commercial operation with home banking programs; 25 others are in pilot tests; and another 15 have disclosed plans to offer bank-at-home services eventually.

In terms of customers, Chemical Bank is the leader in this emerging way of delivering retail financial services. The New York bank has issued personal identification codes, or PICs, to 21,000 individuals so they can access Pronto, its videotex system built around home banking.

Previously, Chemical Bank had reported only the households that are signed up for Pronto, currently 16,000, since it issues an encoded software diskette to each. But in many of the households, more than one individual uses the disk to bank via Pronto and each individual has his own identification code.

This put Chemical and other banks using special software

➳ Home Banking: page 16

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